
Gaming

BUSINESS PLAN 2004-07

ACCOUNTABILITY STATEMENT

The Business Plan for the three years commencing April 1, 2004 was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as of February 27, 2004 with material economic or fiscal implications of which I am aware have been considered in preparing the Business Plan.

The Ministry's priorities outlined in the Business Plan were developed in the context of the government's business and fiscal plans. I am committed to achieving the planned results laid out in this Business Plan.

[original signed]

Ron Stevens, QC, *Minister of Gaming*
March 4, 2004

THE MINISTRY

The Ministry of Gaming includes the Department of Gaming, the Alberta Gaming and Liquor Commission, the Alberta Lottery Fund, the Alberta Gaming Research Council, the Racing Appeal Tribunal and responsibility for the *Horse Racing Alberta Act*. The Ministry is responsible for ensuring that the gaming and liquor industries in Alberta operate with integrity, accountability, and in a socially responsible manner while maximizing benefits to Albertans.

Gaming activities contribute to Albertans' quality of life by providing opportunities for charitable groups to raise funds directly for their valuable work, by providing entertainment options to adults in Alberta, and by providing funding used by government to support community and volunteer initiatives. In 2002-2003, charitable and religious organizations raised approximately \$206 million through licensed gaming activities under Alberta's unique

charitable gaming model. In addition, over \$1 billion of gaming proceeds is provided annually to volunteer groups and public and community-based initiatives through the Alberta Lottery Fund.

Alberta's unique privatized liquor industry has more than 1,000 stores and retails over 11,000 listed liquor products. The private sector operates the retailing, warehousing, and distribution of liquor in Alberta and the Alberta Gaming and Liquor Commission licenses and regulates the industry. The province receives approximately \$550 million annually through the mark-up on liquor products sold in Alberta.

DEPARTMENT OF GAMING

The Department's primary responsibilities are strategic services, communications, and administration of various lottery-funded programs, including the Community Facility Enhancement Program and the Community Initiatives Program. The Department benefits from services provided by the Alberta Gaming and Liquor Commission in the areas of human resources and information technology and from other administrative services provided through the Alberta Corporate Service Centre.

ALBERTA GAMING AND LIQUOR COMMISSION

The Alberta Gaming and Liquor Commission (AGLC), a commercial enterprise within the Government of Alberta, consists of a Board and a Corporation. The Corporation acts as the operational arm of the organization, while the Board is responsible for policy and regulatory matters. The Commission ensures that gaming and liquor activities in Alberta are conducted honestly, openly, and with the highest level of integrity. The Commission also endeavours to maximize the economic benefits of gaming and liquor activities in the province to the benefit of Albertans.

ALBERTA LOTTERY FUND

The Alberta Lottery Fund, established in 1989, comprises the government's portion of revenues from provincial lotteries (ticket lotteries, slot machines, video lottery terminals, DIGI Bingo, and Keno). Expenditures from the fund are voted in the Legislature and support programs, projects and foundations administered by various ministries. The AGLC administers the Alberta Lottery Fund and the Department of Gaming delivers various lottery-funded programs.

ALBERTA GAMING RESEARCH COUNCIL

The Alberta Gaming Research Council is a broad-based advisory group to the Minister of Gaming. The Council is made up of six public representatives and one representative from each of the following organizations: Alberta Alcohol and Drug Abuse Commission (AADAC), Alberta Health and Wellness, and Alberta Gaming. The Council was established to help direct the research activities of the Alberta Gaming Research Institute. The Institute is an independent consortium of the Universities of Alberta, Calgary and Lethbridge that promotes research into various aspects of gaming, emerging gaming trends and problem gambling prevention and treatment.

RACING APPEAL TRIBUNAL

The Minister appoints members to the Racing Appeal Tribunal, as prescribed in the *Horse Racing Alberta Act*, to hear appeals arising from rulings or directions of horse racing officials. The Tribunal's costs are borne by Horse Racing Alberta.

HORSE RACING ALBERTA ACT

The Minister of Gaming is responsible for the *Horse Racing Alberta Act*. The legislation places responsibility for management and regulation of the horse racing industry in Alberta on a private, not-for-profit organization - Horse Racing Alberta.

LINK TO THE GOVERNMENT BUSINESS PLAN

The Ministry of Gaming contributes primarily to two of the goals in the Government Business Plan: Goal 7 - Alberta will have a prosperous economy; and Goal 11 - Albertans will have the opportunity to participate in community and cultural activities and enjoy the province's historical resources and parks and protected areas.

VISION

A province that strives to balance choice and responsibility in its gaming and liquor industries, uses revenue derived from these activities for the benefit of Albertans, and provides opportunity for competition and enhanced service in its gaming and liquor industries.

MISSION

To ensure integrity and accountability in Alberta's gaming and liquor industries, and to achieve the maximum benefit for Albertans from gaming and liquor activities.

CORE BUSINESSES

Core Business 1: Ensure that Alberta's liquor industry operates with integrity and accountability and in a socially responsible manner.

Goal 1 - The integrity of Alberta's liquor industry is maintained and liquor policies achieve a balance between choice, social responsibility and economic benefit.

Goal 2 - Albertans are aware of prevention and treatment programs for alcohol abuse.

Core Business 2: Ensure that Alberta's gaming industry operates with integrity and accountability and in a socially responsible manner.

Goal 3 - The integrity of Alberta's gaming industry is maintained and gaming policies achieve a balance between choice, social responsibility and economic benefit.

Goal 4 - Albertans are aware of prevention and treatment programs for problem gambling.

Core Business 3: Ensure the Alberta Lottery Fund benefits Alberta communities.

Goal 5 - Lottery Funds are effectively managed and support volunteer, public and community-based initiatives.

Goal 6 - Albertans are aware of the initiatives supported by the Alberta Lottery Fund.

GUIDING PRINCIPLES

The Ministry has adopted the following guiding principles for gaming and liquor in Alberta. These guiding principles are subject to ongoing review to ensure they continue to reflect Albertans' values.

1. The integrity of gaming and liquor activities will be ensured.
2. Gaming and liquor policies will reflect a commitment to social responsibility.
3. Gaming and liquor policies will be supported by sound research and consultation with the public and stakeholders.
4. The collection and use of gaming and liquor revenue will be open and accountable.
5. Gaming activities will meet standards of quality to protect the integrity of gaming activities, provide gaming entertainment value to consumers and help to keep gaming dollars in Alberta.
6. Alberta's liquor industry will continue to be among the most progressive and competitive in the country and continue to lead the nation in terms of supply, distribution, pricing and customer service.
7. The financial return to eligible groups from charitable gaming and from provincial lotteries is to be maximized for the benefit of Albertans.

SIGNIFICANT OPPORTUNITIES AND CHALLENGES

The Ministry has identified several challenges related to achieving its vision. The most significant challenges are ensuring the ongoing integrity of gaming and liquor activities, achieving a balance between consumer choice and the responsible provision of alcohol and gaming entertainment, and managing the ongoing evolution of the gaming and liquor industries, including the anticipated growth in the gaming industry.

The integrity of gaming and liquor activities requires constant vigilance. In facing this challenge, the Ministry continues to establish rigorous processes to ensure only eligible applicants are licensed and devotes considerable resources in monitoring ongoing operations and investigating all potential threats to integrity.

The cornerstone of Alberta's approach to its gaming and liquor industries is that all activities are conducted in a socially responsible manner. The Ministry continues to identify opportunities to work closely with all stakeholders to develop appropriate policies and innovative programs to minimize problem gambling and alcohol abuse.

Finally, the Ministry of Gaming has substantially completed implementation of the major recommendations arising from the Gaming Licensing Policy Review. As the implementation of the remaining recommendations is completed, the Ministry is well positioned to establish the framework for assessing emerging issues and meeting the government's commitments to future policy and legislative reviews. These commitments include a review of the First Nations Gaming Policy and reviewing gaming policies and the *Gaming and Liquor Act* and Regulation.

STRATEGIC PRIORITIES 2004-07

Alberta Gaming continues to identify and work on major strategic initiatives related to gaming and liquor in the province. These initiatives include:

1. Ensuring that Alberta's liquor industry remains progressive and ensuring that the interests of Alberta consumers are protected.

Linkage: *Goal 1* The integrity of Alberta's liquor industry is maintained and liquor policies achieve a balance between choice, social responsibility and economic benefit.

2. Maintaining the highest level of integrity for gaming and liquor activities.

Linkage: *Goal 1* The integrity of Alberta's liquor industry is maintained and liquor policies achieve a balance between choice, social responsibility and economic benefit.

Goal 3 The integrity of Alberta's gaming industry is maintained and gaming policies achieve a balance between choice, social responsibility and economic benefit.

3. Developing policies and programs to ensure that the gaming and liquor industries continue to operate in a socially responsible manner.

Linkage: *Goal 2* Albertans are aware of prevention and treatment programs for alcohol abuse.

Goal 4 Albertans are aware of prevention and treatment programs for problem gambling.

4. Managing the changing landscape of the maturing gaming industry, including the relationship with the Western Canada Lottery Corporation (WCLC).

Linkage: *Goal 3* The integrity of Alberta's gaming industry is maintained and gaming policies achieve a balance between choice, social responsibility and economic benefit.

5. Ensuring the First Nations Gaming Policy provides opportunities for gaming facilities on First Nations land and benefits for First Nations communities.

Linkage: *Goal 3* The integrity of Alberta's gaming industry is maintained and gaming policies achieve a balance between choice, social responsibility and economic benefit.

6. Managing the Alberta Lottery Fund and increase awareness so that Albertans understand how the Fund benefits volunteer groups and public and community-based initiatives.

Linkage: *Goal 5* Lottery Funds are effectively managed and support volunteer, public and community-based initiatives.

Goal 6 Albertans are aware of the initiatives supported by the Alberta Lottery Fund.

CORE BUSINESSES, GOALS, STRATEGIES, AND MEASURES

Core Business One: Ensure that Alberta's liquor industry operates with integrity and accountability and in a socially responsible manner.

The integrity of Alberta's liquor industry is maintained and liquor policies achieve a balance between choice, social responsibility and economic benefit.

GOAL ONE

What it means The Ministry is committed to ensuring Alberta's liquor industry will continue to be among the most progressive and competitive in the country and continue to lead the nation in terms of supply, distribution, pricing and customer service. The Ministry ensures the regulation of the liquor industry through the provisions of the *Gaming and Liquor Act* and Regulation.

Strategies

1. Monitor emerging issues and trends, and where necessary, develop policies to address the social and economic implications of these issues.
2. Ensure the liquor industry operates in compliance with legislation and policy.
3. Work with the liquor industry to ensure Alberta's unique privatized liquor industry remains progressive and competitive.
4. Ensure liquor policies protect the interests of Albertans and benefit Alberta's consumers.
5. Consult with stakeholders on major policy initiatives.

Performance Measure	Last Actual (2002-03)	Target 2004-05	Target 2005-06	Target 2006-07
Percentage of Albertans surveyed who are satisfied with the conduct of the liquor business in Alberta.	80%	80%	80%	80%

GOAL TWO

Albertans are aware of prevention and treatment programs for alcohol abuse.

What it means The Ministry is committed to ensuring that Alberta's liquor industry operates in a socially responsible manner. The Ministry partners with the Alberta Alcohol and Drug Abuse Commission (AADAC), stakeholders and others to ensure the availability of prevention and treatment programs for alcohol abuse.

Strategies

1. Partner with AADAC and the liquor industry to develop and deliver programs related to the responsible sale and consumption of liquor.
2. In partnership with AADAC and the liquor industry, ensure consumers of alcohol are aware of prevention and treatment programs for alcohol abuse.
3. Support research and education related to the responsible use of alcohol in areas such as Fetal Alcohol Spectrum Disorder.

Performance Measure	Last Actual (2002-03)	Target 2004-05	Target 2005-06	Target 2006-07
Percentage of Albertans surveyed who are aware of prevention and treatment programs for alcohol abuse.	87%	88%	89%	90%

Core Business Two: Ensure that Alberta's gaming industry operates with integrity and accountability and in a socially responsible manner.

The integrity of Alberta's gaming industry is maintained and gaming policies achieve a balance between choice, social responsibility and economic benefit.

GOAL THREE

What it means

The Ministry is committed to ensuring that Alberta's gaming industry operates with integrity and that legislation and policy strike a balance between choice, social responsibility and economic benefit. The Ministry ensures the regulation of the gaming industry through the provisions of the *Gaming and Liquor Act* and Regulation.

Strategies

1. Monitor emerging issues and trends, and where necessary, develop policies to address the social and economic implications of these issues.
2. Develop a framework for the review of gaming policies, legislation and regulation.
3. Ensure Albertans are consulted with respect to major policy initiatives.
4. Ensure Alberta's charitable gaming model continues to provide maximum benefit to charities.
5. Ensure the gaming industry operates in compliance with legislation and policy.
6. Manage First Nations Gaming Policies and ensure policies are consistent with the charitable gaming model and the government's Aboriginal Policy Framework.
7. Work collaboratively with First Nations to develop and implement the framework for the First Nations Development Fund.
8. Fulfill government's commitment to review the First Nations Gaming Policy.
9. Ensure the accountability of Horse Racing Alberta for its legislated responsibilities and the funding provided to it under the Racing Industry Renewal Initiative.

Performance Measure	Last Actual (2002-03)	Target 2004-05	Target 2005-06	Target 2006-07
Percentage of Albertans surveyed who are satisfied with the conduct of legal gaming in Alberta.	73%	75%	75%	75%

Albertans are aware of prevention and treatment programs for problem gambling.

What it means

The Ministry is committed to ensuring the gaming industry operates in a socially responsible manner. The Ministry partners with AADAC, stakeholders, and others to ensure the availability of prevention and treatment programs for those who may experience a problem with gambling. Research into various aspects of gaming is funded to enhance understanding and assist policy development.

Strategies

1. Partner with AADAC and the gaming industry to develop and deliver programs related to the responsible delivery of gaming entertainment.
2. In partnership with AADAC and the gaming industry, ensure consumers of gaming products are aware of prevention and treatment programs for problem gambling.
3. Conduct research into various aspects of gaming related to attitudes, problem gambling and economic analysis.
4. Collaborate with the Alberta Gaming Research Council to identify priority research needs.

Performance Measure	Last Actual (2002-03)	Target 2004-05	Target 2005-06	Target 2006-07
Percentage of Albertans surveyed who are aware of prevention and treatment programs for problem gambling.	84%	86%	88%	90%

Core Business Three: Ensure the Alberta Lottery Fund benefits Alberta communities.

GOAL FIVE

Lottery Funds are effectively managed and support volunteer, public and community-based initiatives.

What it means All provincial government gaming revenue from gaming operations is directed to the Alberta Lottery Fund and identified for use by specific volunteer groups, and for public and community-based initiatives. The Alberta Gaming and Liquor Commission (AGLC) is responsible for administration of the Alberta Lottery Fund and the Department of Gaming delivers various lottery-funded programs.

Strategies

1. Allocate Alberta Lottery Fund proceeds according to government policy.
2. Provide Community Facility Enhancement Program (CFEP) matching grants to improve Alberta's community public-use facilities.
3. Support project-based initiatives through the Community Initiatives Program (CIP).
4. Fulfill government commitments to allocate gaming revenue to specific initiatives such as the Racing Industry Renewal Initiative and Bingo.
5. Continue to enhance the reporting systems related to grants and charitable gaming proceeds.

Performance Measures	Last Actual (2002-03)	Target 2004-05	Target 2005-06	Target 2006-07
Percentage of Alberta Lottery Fund disbursements committed to supporting volunteer groups, and public and community-based initiatives.	100%	100%	100%	100%
Percentage of administration costs of lottery-funded programs administered by the Department of Gaming.	1.25%	Less than 2% of program disbursements	Less than 2% of program disbursements	Less than 2% of program disbursements

GOAL SIX

Albertans are aware of the initiatives supported by the Alberta Lottery Fund.

What it means The Ministry informs Albertans about the Alberta Lottery Fund and its support of volunteer groups, and public and community-based initiatives.

Strategies

1. Manage and expand the information and awareness initiative about the Alberta Lottery Fund and how it is used to benefit Albertans.
2. Ensure optimum use of all communication vehicles, including the Internet, to provide information about the Alberta Lottery Fund.
3. Work with other ministries, lottery-funded agencies, and other stakeholders to enhance awareness of lottery-funded initiatives.

Performance Measures	Last Actual (2002-03)	Target 2004-05	Target 2005-06	Target 2006-07
Percentage of Albertans who are aware that the Alberta Lottery Fund supports volunteer groups, and public and community-based initiatives.	47%	48%	49%	50%
Percentage of Albertans who are satisfied with how the Alberta Lottery Fund is used.	70%	73%	74%	75%

EXPENSE BY CORE BUSINESS

(thousands of dollars)

	Comparable 2002-03 Actual	Comparable 2003-04 Budget	Comparable 2003-04 Forecast	2004-05 Estimates	2005-06 Target	2006-07 Target
Ensure that Alberta's liquor industry operates with integrity and accountability and in a socially responsible manner	352	529	529	565	576	576
Ensure that Alberta's gaming industry operates with integrity and accountability and in a socially responsible manner	2,262	2,659	2,659	2,732	2,754	2,754
Ensure the Alberta Lottery Fund benefits Alberta communities	1,096,812	1,099,912	1,111,719	1,168,496	1,218,180	1,209,951
MINISTRY EXPENSE	1,099,426	1,103,100	1,114,907	1,171,795	1,221,510	1,213,281

MINISTRY STATEMENT OF OPERATIONS

(thousands of dollars)

	Comparable 2002-03 Actual	Comparable 2003-04 Budget	Comparable 2003-04 Forecast	2004-05 Estimates	2005-06 Target	2006-07 Target
REVENUE						
Net Income from Commercial Operations						
Net Gaming and Lottery Revenue	1,089,666	1,093,229	1,105,036	1,161,831	1,211,546	1,203,317
Net Liquor and Related Revenue	534,715	545,899	550,867	550,778	550,195	549,595
Investment Income						
Lottery Fund Interest Revenue	8,592	6,000	6,000	6,000	6,000	6,000
Other Revenue						
Various	212	-	24	-	-	-
MINISTRY REVENUE	1,633,185	1,645,128	1,661,927	1,718,609	1,767,741	1,758,912
EXPENSE						
Program						
Ministry Support Services	1,409	2,118	2,118	2,263	2,307	2,307
Gaming Research	1,557	1,600	1,600	1,600	1,600	1,600
Lottery Funded Programs	120,010	150,601	142,201	160,849	197,105	193,105
Lottery Fund Payments to Other Ministries	976,450	948,781	968,988	1,007,083	1,020,498	1,016,269
MINISTRY EXPENSE	1,099,426	1,103,100	1,114,907	1,171,795	1,221,510	1,213,281
Gain (Loss) on Disposal of Capital Assets	-	-	-	-	-	-
NET OPERATING RESULT	533,759	542,028	547,020	546,814	546,231	545,631

CONSOLIDATED NET OPERATING RESULT

(thousands of dollars)

	Comparable 2002-03 Actual	Comparable 2003-04 Budget	Comparable 2003-04 Forecast	2004-05 Estimates	2005-06 Target	2006-07 Target
Ministry Revenue	1,633,185	1,645,128	1,661,927	1,718,609	1,767,741	1,758,912
<i>Inter-ministry consolidation adjustments</i>	-	-	-	-	-	-
Consolidated Revenue	1,633,185	1,645,128	1,661,927	1,718,609	1,767,741	1,758,912
Ministry Program Expense	1,099,426	1,103,100	1,114,907	1,171,795	1,221,510	1,213,281
<i>Inter-ministry consolidation adjustments</i>	(976,450)	(948,781)	(968,988)	(1,007,083)	(1,020,498)	(1,016,269)
Consolidated Program Expense	122,976	154,319	145,919	164,712	201,012	197,012
Gain (Loss) on Disposal of Capital Assets	-	-	-	-	-	-
CONSOLIDATED NET OPERATING RESULT	1,510,209	1,490,809	1,516,008	1,553,897	1,566,729	1,561,900